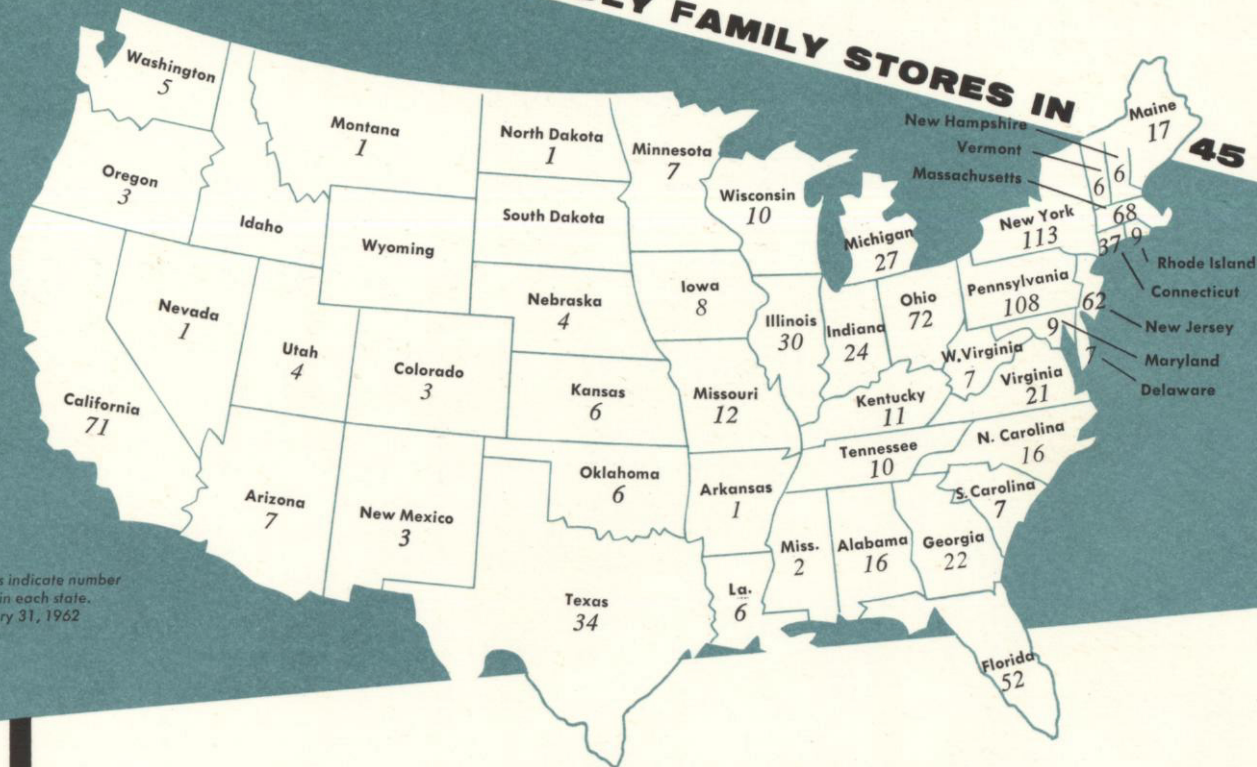


W.T. GRANT COMPANY

Annual Report, 1961



952 W. T. GRANT FRIENDLY FAMILY STORES IN 45 STATES



Numerals indicate number of stores in each state. At January 31, 1962

THE W. T. GRANT COMPANY

a brief description

The Company started with one store at Lynn, Mass. in 1906. On January 31, 1962, it was operating 952 general merchandise stores in 45 states. In addition, 3 distribution centers were servicing the stores with certain lines of merchandise.

The stores are family type stores selling merchandise lines for women, for men, for children, and for the home. Prices generally range up to \$5, but some items range in prices up to and even above \$100.

While most sales are for cash, credit service is available in all stores and accounted for 12.7% of total sales in 1961.

In 1961, total sales were \$574,502,000. This is an average of \$603,000 per store.

The 1961 sales were at a new all-time high for a year. Except for 1932, 1938, and 1949, the Company has had a sales increase every year in its 55 year history.

The Company has earned a profit and has paid dividends in every year of its history.

The Company is maintaining a steady program of expansion. In recent years, it has been directed almost entirely to leased shopping center stores. At the last year end, 528 of the 952 stores were in shopping centers.

The Company employed an average of 40,000 people during the year, with a peak of approximately 50,000 in December.

The Company's capitalization includes 150,000 shares of 3¾% preferred stock held by 792 stockholders, and 5,812,311 shares of common stock held by 13,854 stockholders.

The Company has a long term debt represented by \$35,000,000 of 4¾% Sinking Fund Debentures sold to the public in January 1962.

Besides its domestic operations, the Company owns approximately 51% of the common stock of Zeller's Ltd., a Canadian chain operating 94 stores similar to Grant stores, with 1961 sales of \$62,874,000. Zeller's Ltd. also is maintaining a steady program of expansion.

W. T. GRANT COMPANY

Founded in 1906 at Lynn, Mass.

Executive and Buying Offices . . . 1441 Broadway, New York 18, N. Y.

DIRECTORS

WILLIAM T. GRANT
Chairman

EDWARD STALEY
Vice Chairman

JOHN G. BYLER

JOSEPH W. CHINN

HOWLAND S. DAVIS

RAYMOND H. FOGLER

JOHN D. GRAY

THOMAS P. JERMAN

ALBERT E. KELLY

M. F. KETZ

PETER KILBURN

J. LUTHER KNIES

LOUIS C. LUSTENBERGER

CLARENCE J. MYERS

DR. CHARLES F. PHILLIPS

OFFICERS

WILLIAM T. GRANT
Chairman of the Board

EDWARD STALEY
Vice Chairman of the Board

LOUIS C. LUSTENBERGER
President

M. F. KETZ
*Financial Vice President
and Comptroller*

R. W. ROSEVEAR
Operations Vice President

HOWARD E. EADES
Merchandise Vice President

JOSEPH A. LIVOLSI
Store Management Vice President

HERBERT T. WILKINSON
Store Expansion Vice President

ROBERT W. IVES
Central Regional Vice President

CHARLES W. RIVOIRE
Secretary

RICHARD W. MAYER
Treasurer

ROBERT J. KELLY
Assistant Secretary

ROSALIE A. MULFORD
Assistant Treasurer

ALLAN E. LOMEN
Assistant Comptroller

Transfer Agent: MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Registrar: BANKERS TRUST COMPANY, NEW YORK, N. Y.

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THE HIGHLIGHTS

Year ended January 31,

	1962	1961
Sales	\$574,501,798	\$512,686,823
Net earnings	\$ 8,359,313	\$ 9,198,133
Per common share	\$1.34	\$1.50
Dividends paid per preferred share	\$3.75	\$3.75
Dividends paid per common share	\$1.20	\$1.20
Total dividends paid	\$ 7,502,609	\$ 7,428,896
Earnings retained in the business	\$ 856,704	\$ 1,769,237
Depreciation and amortization	\$ 6,540,639	\$ 6,262,568
Expansion program—fixed assets	\$ 7,855,000	\$ 7,995,000
Employee compensation and benefits	\$113,121,937	\$102,702,763
Cents per sales dollar	19.7¢	20.0¢
Merchandise inventories	\$112,885,170	\$ 96,243,818
Working capital	\$119,891,956	\$ 83,916,035
Net fixed assets	\$ 42,135,364	\$ 41,174,330
Long term debt	\$ 35,000,000	\$ —
Common shares outstanding	5,812,311	5,755,526
Book value common stock—per share	\$21.11	\$20.98
Number of preferred stockholders	792	755
Number of common stockholders	13,854	12,914
Number of stores	952	864

W. T. GRANT COMPANY

1441 Broadway, New York 18, N. Y.

To the Stockholders:

This is the Company's fifty-fifth annual report. It covers the fiscal year ended January 31, 1962.

The Company completed the year with the largest sales in its history, \$574,501,798, and with net earnings of \$8,359,313. This performance for the year not only offset the results of a disappointing first half but also absorbed the increased costs of a record expansion program that covered the opening of 113 new stores, which was a 45% increase over the 78 new stores opened in the previous year.

This expansion program represents a substantial drain on current profits, but we are confident that it also represents a sound investment and will result in a satisfactory return on that investment in future years.

SALES

The year's sales of \$574,501,798 registered not only a new high but also an increase of \$61,814,975 or 12% over 1960, which was the highest increase in amount for any one year in the Company's 55 year history.

December 1961 sales reached a new all-time high. They totalled \$100,083,507 and for the first time in any one month exceeded the \$100 million mark.

Shopping center stores continued to contribute an increasing portion of the Company's sales, 51% in 1961 compared to 45% in 1960.

Credit sales also continued their record of increases over the previous year. In 1961 they totalled \$73,059,809, or an increase of 17.1%, and accounted for 12.7% of the Company's total sales.

EARNINGS

The 1961 net earnings of \$8,359,313, after preferred dividends, were equal to \$1.34 per share on 5,812,311 shares of common stock outstanding at the year end.

For 1960, net earnings were \$9,198,133, or \$1.50 per share on 5,755,526 shares of common stock at the year end.

The lower 1961 earnings reflect higher sales promotion costs, higher salaries, wages, and benefits to employees, including increasing social security taxes, and increased expenses incurred in carrying out the record-high expansion program.

DIVIDENDS

During 1961, the Company paid regular dividends of \$3.75 per share on the preferred stock and regular dividends of \$1.20 per share on the common stock, the same as was paid in 1960.

In 1961, the Company continued its record of earning a profit and paying dividends in every year of its 55 year history.

FINANCIAL COMMENTS

In January 1962, the Company sold to the public, through underwriters, \$35,000,000 of 4¾% Sinking Fund Debentures due January 1, 1987.

It was a successful offering both in timing and interest rate, and will provide the Company with working capital needed in connection with its expansion program. The proceeds received on January 31, 1962 were temporarily invested in short term securities and used, in part, to reduce credit accounts sold to banks.

At the year end, working capital totalled \$119,891,956, an increase of \$35,975,921 over \$83,916,035 at the end of 1960. This increase includes the proceeds from the January 1962 sale of debentures.

Merchandise inventories in stores, distribution centers, and in transit, totalled \$112,885,170 at the year end, or \$16,641,352 above a year ago. The increase is in new and enlarged stores, and a new merchandise distribution center.

Installment receivables from customers were \$49,759,767, of which \$32,901,919 had been sold to banks. A year ago, the receivables totalled \$40,041,261, of which \$39,229,521 had been sold to banks. The decrease in the accounts sold at the last year end reflects the planned use of debenture proceeds for this purpose after January 31, 1962.

EXPANSION

The 1961 record expansion program included 113 new stores, of which 112 were in shopping centers. In 1960, the program covered 78 stores, of which 77 were in shopping centers. The 1961 program also included the opening of a new merchandise distribution center in Buena Park, California, and the enlargement of 10 stores. The 1960 program included 13 enlarged stores.

At the year end, 952 stores, including 528 in shopping centers and one temporarily closed, were in operation. A year ago, there were 864 stores, with 417 in shopping centers. The net increase of 88 stores is accounted for by the 113 new stores less 24 downtown stores and one shopping center store that were permanently closed.

During 1961, the Company continued to open new stores and to convert more existing stores to the self-service, check-out type of operation. There were 497 such stores at the year end, compared to 320 a year ago.

The Company is in a favorable position with its downtown store leases. In the next 5 years, 170 such leases will expire. This will give management the opportunity to decide whether to close the stores or renew leases, usually for a short term and often at a reduced rental.

The 1961 capital expenditures, principally for store fixtures, totalled \$7,855,000 compared to \$7,995,000 in 1960. It should be noted that we opened 113 new stores in 1961 with capital expenditures lower than expended in 1960 for 78 new stores. This favorable position is the result of cost reductions, improved store fixture designing and layouts developed by our Store Expansion Division.

We estimate that the 1962 expansion program will exceed the record program of 1961. At the end of 1961, there were 83 new stores

under construction for opening in 1962. We estimate opening about 125 new stores and approximately 10 enlarged stores, with capital expenditures of approximately \$9,000,000.

PERSONNEL

At the year end, there were approximately 38,000 employees compared to 35,000 a year ago.

Salaries and wages, social security taxes, retirement plan contributions, and other benefits amounted to \$113,121,937 or 19.7% of sales in 1961. This compares with \$102,702,763, or 20.0% of sales in 1960. Included in these totals are social security taxes of \$5,249,150 for 1961 and \$4,458,613 for 1960; and the Company's contributions to the retirement plan of \$648,690 in 1961 and \$907,894 in 1960. Good earnings and realized gains on the investments in the retirement fund reduced the Company's contribution in 1961.

ORGANIZATION

The store expansion program made it possible to promote 173 assistant store managers to store managers during the year. It also brought promotions for 304 store managers to larger stores. To provide for future manpower needs, the number of men-in-training at the year end was increased from 1,003 at the end of 1960 to 1,110 at the end of 1961.

Three new districts were added to our field organization at the beginning of the year, and two more districts at the beginning of 1962. These changes made possible the promotion of 5 store managers to district management, and a number of promotions for store managers.

The Company started 1962 with a number of major home and field office organization changes. Some of them came upon the retirement of Gordon Anderson, New England Regional Vice President, after 42 years of loyal service; and J. Luther Knies, a Director and Merchandise Vice President, after 38 years of loyal service to the Company. Mr. Knies will continue as a Director.

In connection with the organization changes, Reginald W. Rosevear, former Store Expansion Vice President, was appointed to the new position of Operations Vice President. He

will coordinate store management, merchandising, and sales promotion functions of the Company. Joseph A. Livolsi, former Eastern Regional Vice President, was appointed to Store Management Vice President; Howard E. Eades, former Personnel Vice President, to Merchandise Vice President; Herbert T. Wilkinson, former Store Management Vice President, to Store Expansion Vice President; and Edward Milburn, former Employment and Training Manager, to Personnel Director.

In the field organization, George R. McCue, former Eastern Regional Personnel and Operating Manager, was appointed to Eastern Regional Manager; James F. McGrath, former Central Regional Merchandise Manager, to Southern Regional Manager; and John P. Dane, former New England Regional Personnel and Operating Manager, to New England Regional Manager.

The Company continues to maintain a constant development of management manpower. In the group of 14 top management people, all have had store and other management experience. The average age of the group is 51, and the average length of service is 26 years.

ZELLER'S LIMITED

Zeller's, a Canadian chain of stores, in which the Company owns approximately 51% of the common stock, also carried through an aggressive program of expansion. During 1961, it increased its number of stores from 80 to 94.

Its 1961 sales were \$62,874,268, or 10.3% above 1960. Its net earnings were \$1,903,990 or \$2.27 per common share, which compares with \$2,149,048, or \$2.59 per common share in 1960.

During the year, Zeller's paid dividends of \$1.40 per common share, the same as in 1960.

All foregoing amounts are in Canadian dollars.

■ ■ ■
We are grateful to our customers, employees, and suppliers for the parts they played in our 1961 performance.

We believe that, in 1962, competition among retailers will continue to grow. We intend to carry out another record program of expansion and to absorb costs incidental thereto. We are confident that we will have a good performance, adding potential earning power for the Company in the years ahead.

Chairman of the Board

Vice Chairman of the Board

President

April 4, 1962



THE STORE EXPANSION PROGRAM — 1957 THROUGH 1961

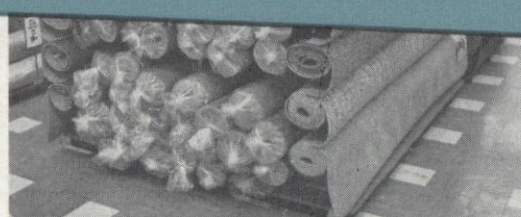
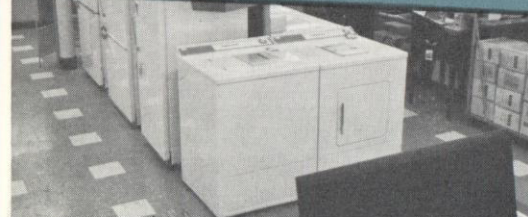
Year	Number of New Stores Opened		Number Stores Relocated or Enlarged	Fixed Asset Expenditures
	Shopping Centers	Downtown Locations		
1961	112	1	10	\$ 7,855,000
1960	77	1	13	7,995,000
1959	81	4	9	7,470,000
1958	64	—	15	5,736,000
1957	65	2	19	6,478,000
TOTALS	399	8	66	\$35,534,000



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THE 1961 ADDITIONS TO GROWING GRANTS

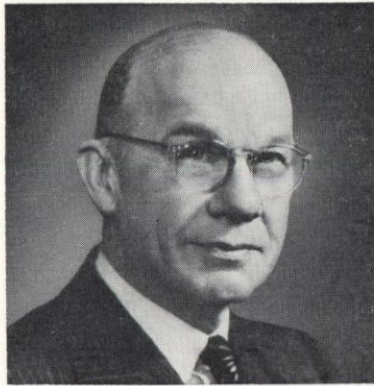


BOARD OF DIRECTORS

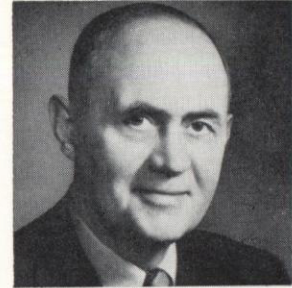
W. T. Grant Company



JOHN G. BYLER
*Executive Director, The Grant
Foundation, Former Financial
Vice President of the Company*



WILLIAM T. GRANT
Chairman of the Board



JOSEPH W. CHINN
*President,
Wilmington Trust Co.*



HOWLAND S. DAVIS
Trustee



RAYMOND H. FOGLER
*Retired—Former
President of the Company*



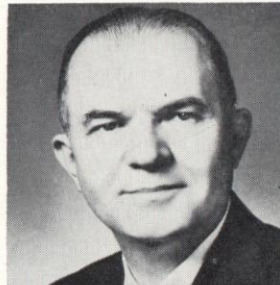
JOHN D. GRAY
*President,
Hart Schaffner and Marx*



THOMAS P. JERMAN
Consultant



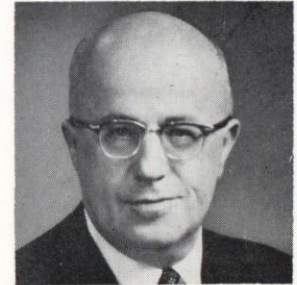
ALBERT E. KELLY
*Financial Advisor
to Mr. Grant*



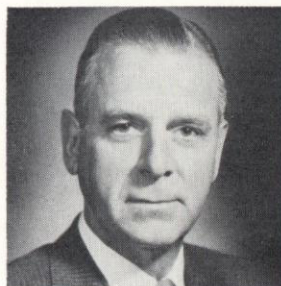
M. F. KETZ
*Financial Vice President
and Comptroller of
the Company*



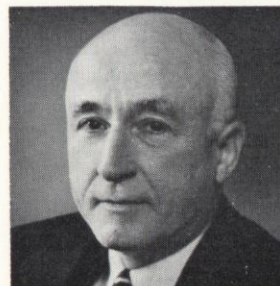
PETER KILBURN
*President,
Greenshields Incorporated,
Montreal*



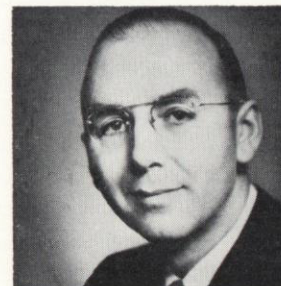
J. LUTHER KNIES
*Retired—Former
Merchandise Vice President
of the Company*



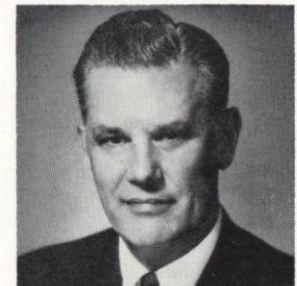
LOUIS C. LUSTENBERGER
*President of
the Company*



CLARENCE J. MYERS
*Chairman of the Board
and President,
N. Y. Life Insurance Co.*



DR. CHARLES F. PHILLIPS
President, Bates College



EDWARD STALEY
*Vice Chairman
of the Board*

STATEMENT OF OPERATIONS

W. T. Grant Company

Year ended January 31,

	1962	1961
SALES	\$574,501,798	\$512,686,823
Cost of merchandise sold and operating expenses	<u>549,066,107</u>	<u>486,492,154</u>
	\$ 25,435,691	\$ 26,194,669
ADD:		
Interest earned	67,915	139,229
Other income	<u>608,205</u>	<u>560,286</u>
	\$ 676,120	\$ 699,515
	\$ 26,111,811	\$ 26,894,184
DEDUCT:		
Depreciation and amortization	6,540,639	6,262,568
Interest paid	2,184,964	1,518,260
Other deductions	266,895	270,223
Provision for federal taxes on income—Note D	<u>8,760,000</u>	<u>9,645,000</u>
	\$ 17,752,498	\$ 17,696,051
NET EARNINGS FOR THE YEAR	\$ 8,359,313	\$ 9,198,133
DEDUCT:		
Cash dividends:		
On 3¾ % Cumulative Preferred Stock:		
Four quarterly dividends of 93¾ ¢ each per share	562,507	562,507
On Common Stock:		
Four quarterly dividends of 30 ¢ each per share	<u>6,940,102</u>	<u>6,866,389</u>
TOTAL DIVIDENDS	\$ 7,502,609	\$ 7,428,896
EARNINGS FOR YEAR RETAINED FOR USE IN THE BUSINESS	\$ 856,704	\$ 1,769,237
ADD:		
Earnings of prior years retained for use in the business	<u>89,410,518</u>	<u>87,641,281</u>
ACCUMULATED EARNINGS RETAINED FOR USE IN THE BUSINESS AT END OF YEAR	<u>\$ 90,267,222</u>	<u>\$ 89,410,518</u>

(See notes to financial statements.)

W. T. GRANT COMPANY

Assets

January 31,

	1962	1961
CURRENT ASSETS		
Cash	\$ 49,687,679	\$ 25,637,672
Short term securities	—	2,996,826
Accounts receivable:		
Customers' installment accounts not sold	16,857,848	811,740
Equity in customers' installment accounts (\$32,901,919 and \$39,229,521, respectively) sold	3,297,319	3,922,956
	<u>\$ 20,155,167</u>	<u>\$ 4,734,696</u>
Less allowance for doubtful accounts	2,554,110	2,409,441
	<u>\$ 17,601,057</u>	<u>\$ 2,325,255</u>
Other accounts receivable, claims, etc.	2,567,880	1,943,821
Total accounts receivable, net	<u>\$ 20,168,937</u>	<u>\$ 4,269,076</u>
Merchandise inventories (including merchandise in transit) —at the lower of cost or market determined principally by the retail inventory method	112,885,170	96,243,818
TOTAL CURRENT ASSETS	<u>\$182,741,786</u>	<u>\$129,147,392</u>
OTHER ASSETS		
Investment in Zeller's Ltd., at cost—Note A	7,339,983	7,339,983
Cash surrender value of life insurance	2,363,920	3,292,245
Sundry receivables and deposits	857,337	911,108
TOTAL OTHER ASSETS	<u>\$ 10,561,240</u>	<u>\$ 11,543,336</u>
COMMON STOCK OF W. T. GRANT COMPANY		
At cost, held for Deferred Contingent Compensation Plan (33,800 and 33,600 shares, respectively)—Note B	632,995	627,329
STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS—on the basis of cost		
Buildings	191,910	282,832
Furniture and fixtures	64,160,032	60,441,045
Improvements to leased properties	13,071,693	13,685,188
	<u>\$ 77,423,635</u>	<u>\$ 74,409,065</u>
Less allowances for depreciation and amortization	35,626,771	33,628,235
	<u>\$ 41,796,864</u>	<u>\$ 40,780,830</u>
Land	338,500	393,500
TOTAL STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS	<u>\$ 42,135,364</u>	<u>\$ 41,174,330</u>
DEFERRED CHARGES		
Prepaid taxes, rents and insurance, supplies, etc.	4,672,187	3,334,753
UNAMORTIZED DEBT EXPENSE	521,346	—
	<u>\$241,264,918</u>	<u>\$185,827,140</u>

STATEMENT OF FINANCIAL POSITION

Liabilities, Reserves, and Capital

	January 31,	
	1962	1961
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 54,461,145	\$ 36,537,269
Federal taxes on income—Note C	8,388,685	8,694,088
TOTAL CURRENT LIABILITIES	\$ 62,849,830	\$ 45,231,357
 LONG TERM DEBT—Note G	 35,000,000	 —
 DEFERRED FEDERAL INCOME TAX—Note D	 804,000	 372,000
 RESERVES		
For uninsured risks	1,400,000	1,400,000
For repainting stores	1,505,579	1,273,123
For deferred contingent compensation—Note B	697,562	613,400
TOTAL RESERVES	\$ 3,603,141	\$ 3,286,523
 CAPITAL—Notes B, E, and G:		
Capital Stock		
Cumulative Preferred—\$100 par value:		
Authorized 250,000 shares		
Issued 150,000 shares of 3¾ % series	15,000,000	15,000,000
Common—\$2.50 par value:		
Authorized 8,500,000 shares		
Issued 5,846,111 and 5,789,126 shares, respectively	14,615,277	14,472,815
Capital paid-in in excess of par value of shares issued	18,557,418	17,545,153
Amounts paid by officers and employees under purchase contracts for 424,525 and 424,075 shares, respectively, of unissued Common Stock	568,030	508,774
	\$ 33,740,725	\$ 32,526,742
Earnings retained for use in the business	90,267,222	89,410,518
TOTAL CAPITAL	\$139,007,947	\$136,937,260
	 \$241,264,918	 \$185,827,140

(See notes to financial statements.)

NOTES TO FINANCIAL STATEMENTS

January 31, 1962

Note A - At January 31, 1962, the Company's equity in the net assets of Zeller's Limited, an approximately 51% owned unconsolidated subsidiary, exceeded the cost of its investment in 382,500 shares of common stock of the subsidiary by approximately \$707,000. The Company's equity in Zeller's net earnings applicable to common stock (before dividends thereon for the year ended January 31, 1962) amounted to approximately \$828,000. During the year, the Company received dividends amounting to \$529,739 from Zeller's Limited.

Note B - The amount shown for the reserve for deferred contingent compensation at January 31, 1962 represents (a) to the extent that allotments are contingently distributable in Common Stock of the Company an amount equivalent to the cost to the Company of 33,800 shares of its Common Stock held for this purpose; and (b) the total remaining in participants' contingent cash allotments. For the year ended January 31, 1962, the amount charged to earnings for this plan was \$100,000.

Note C - In accordance with the practice followed since 1946, gross profits on installment sales are reflected in the Company's financial statements when such sales are made, whereas for federal income tax purposes, such gross profits are reported as income when collections are received. Adequate provision has been made for income taxes and such provision is included in the liability for federal taxes on income.

Note D - As permitted by the Internal Revenue Code, the Company has adopted accelerated depreciation methods for income tax purposes, but has continued to use straight-line depreciation for financial statements. Provision has been made for deferred federal taxes on income to provide for the estimated additional future taxes which may become payable when depreciation based on acceler-

ated methods will be less than that based on the straight-line method.

Note E - The 3¾% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at \$100 per share plus accrued dividends to date of redemption.

At January 31, 1962, 529,555 shares of the Company's unissued Common Stock were reserved under the Employees' Stock Purchase Plan. Contracts for the sales of such shares, on a deferred payment basis, are made at approximate market prices at dates of contracts. Shares are issued after completion of payments.

Note F - At January 31, 1962, the Company was lessee of real property under 958 leases expiring subsequent to January 31, 1965 at aggregate minimum annual rentals of approximately \$22,345,000 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately \$16,357,000 for minimum annual rentals under 678 leases which were on a percentage of sales basis with specified minimum annual rentals, but does not include any amount for 19 leases which were on a percentage of sales basis without any specified minimum annual rentals.

Note G - Long term debt consists of 4¾% Sinking Fund Debentures dated January 1, 1962 and due January 1, 1987. The indenture provides, among other things, for certain limitations with respect to the declaration of cash dividends, acquisition or disposition of capital stock, and the incurrence of long term indebtedness. Sinking Fund payments begin January 1, 1969 and continue at the annual rate of \$1,500,000. At January 31, 1962, approximately \$17,000,000 of earnings retained for use in the business was free for payment of dividends.

ACCOUNTANTS' REPORT

ERNST & ERNST

120 BROADWAY

NEW YORK 5, N. Y.

TO THE BOARD OF DIRECTORS
W. T. GRANT COMPANY
NEW YORK, N. Y.

We have examined the statement of financial position of W. T. Grant Company at January 31, 1962, and the related statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and operations present fairly the financial position of W. T. Grant Company at January 31, 1962, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
March 26, 1962

ERNST & ERNST

SOURCE AND DISPOSITION OF FUNDS

(amounts in 000's)

(years which end January 31 of subsequent years)

WHERE FUNDS CAME FROM	1961	1960	1959	1958	1957	TOTAL 5 Years
SALES	\$574,501	\$512,687	\$479,997	\$432,240	\$406,337	\$2,405,762
LESS:						
Merchandise costs, supplies, outside services, etc.	407,539	356,860	329,959	299,423	280,420	1,674,201
Wages and salaries, including miscellaneous benefits	107,224	97,336	88,047	79,102	74,610	446,319
Retirement plan contributions	648	908	1,071	1,008	1,200	4,835
Social security taxes on payrolls	5,249	4,459	3,494	2,712	2,444	18,358
Rents to landlords less rentals on subleases	23,854	21,401	19,778	18,264	16,943	100,240
Federal, state and local taxes, excluding social security taxes	15,087	16,262	19,475	16,209	15,596	82,629
Depreciation and amortization	6,541	6,263	5,915	5,672	5,407	29,798
NET INCOME FROM OPERATIONS	\$ 8,359	\$ 9,198	\$ 12,258	\$ 9,850	\$ 9,717	\$ 49,382
Add charges against income which involve no cash outlay:						
Depreciation and amortization	6,541	6,263	5,915	5,672	5,407	29,798
Net increase in reserves	317	123	153	152	66	811
Deferred federal income tax	432	310	62	—	—	804
From sale of common stock to public	—	—	14,042	—	—	14,042
From sale of common stock to employees	1,214	1,487	812	591	550	4,654
From sale of debentures	35,000	—	—	—	—	35,000
From recovery of taxes, pertaining to LIFO	—	—	—	—	1,635	1,635
From sale of land and buildings	146	—	9	—	48	203
TOTAL FUNDS PROVIDED	\$ 52,009	\$ 17,381	\$ 33,251	\$ 16,265	\$ 17,423	\$ 136,329
HOW FUNDS WERE USED						
For dividends to stockholders	\$ 7,502	\$ 7,429	\$ 6,624	\$ 5,553	\$ 5,527	\$ 32,635
For investment in land and buildings	—	318	—	35	—	353
For investment in furniture and fixtures	7,577	7,596	7,220	5,600	6,050	34,043
For investment in improvements to leased properties	71	284	233	107	251	946
For investment in Zeller's Limited	—	—	—	2,773	951	3,724
For purchase of common stock for deferred compensation plan	6	126	149	57	61	399
For increase in sundry accounts—net	877	620	154	377	118	2,146
Funds added to working capital	35,976	1,008	18,871	1,763	4,465	62,083
TOTAL FUNDS USED	\$ 52,009	\$ 17,381	\$ 33,251	\$ 16,265	\$ 17,423	\$ 136,329

Comparative Statement of Operations

(years which end January 31 of subsequent years)

	<u>1961</u>	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>
SALES	\$574,501,798	\$512,686,823	\$479,997,477	\$432,240,571	\$406,337,450
LESS:					
Cost of merchandise sold and operating expenses	549,066,107	486,492,154	447,992,005	405,699,354	381,966,558
	<u>25,435,691</u>	<u>26,194,669</u>	<u>32,005,472</u>	<u>26,541,217</u>	<u>24,370,892</u>
ADD:					
Interest earned	67,915	139,229	98,802	72,325	77,084
Other income	608,205	560,286	490,854	348,983	283,034
	<u>26,111,811</u>	<u>26,894,184</u>	<u>32,595,128</u>	<u>26,962,525</u>	<u>24,731,010</u>
DEDUCT:					
Depreciation and amortization	6,540,639	6,262,568	5,915,020	5,672,178	5,406,787
Interest paid	2,184,964	1,518,260	1,055,401	955,215	864,098
Other deductions	266,895	270,223	191,767	169,879	201,493
Provision for federal taxes on income	8,760,000	9,645,000	13,175,000	10,315,000	9,313,000
	<u>8,359,313</u>	<u>9,198,133</u>	<u>12,257,940</u>	<u>9,850,253</u>	<u>8,945,632</u>
Non-recurring items	—	—	—	—	771,942
NET EARNINGS FOR THE YEAR	<u>8,359,313</u>	<u>9,198,133</u>	<u>12,257,940</u>	<u>9,850,253</u>	<u>9,717,574</u>
DEDUCT:					
Preferred dividends	562,507	562,507	562,506	562,506	562,506
Common dividends	6,940,102	6,866,389	6,061,164	4,990,809	4,964,518
ADD:					
Earnings of prior years retained in the business	89,410,518	87,641,281	82,007,011	77,710,073	73,519,523
Accumulated earnings retained, at end of year	<u>\$ 90,267,222</u>	<u>\$ 89,410,518</u>	<u>\$ 87,641,281</u>	<u>\$ 82,007,011</u>	<u>\$ 77,710,073</u>

Comparative Statement of Financial Position

(at January 31 of subsequent years)

	1961	1960	1959	1958	1957
ASSETS:					
Cash	\$ 49,687,679	\$ 25,637,672	\$ 30,515,575	\$ 23,740,240	\$ 20,224,468
Short term securities	—	2,996,826	—	—	—
Accounts receivable—customers' installment accounts (net)	17,601,057	2,325,255	2,570,001	1,342,305	1,756,107
Accounts receivable—other	2,567,880	1,943,821	1,504,696	1,493,436	1,339,005
Merchandise inventories	112,885,170	96,243,818	86,089,840	75,780,905	69,762,345
TOTAL CURRENT ASSETS	<u>\$ 182,741,786</u>	<u>\$ 129,147,392</u>	<u>\$ 120,680,112</u>	<u>\$ 102,356,886</u>	<u>\$ 93,081,925</u>
Investment in Zeller's Limited, at cost	7,339,983	7,339,983	7,339,983	7,339,983	4,566,797
Cash surrender value of life insurance	2,363,920	3,292,245	3,169,308	3,067,589	2,961,279
Sundry receivables and deposits	857,337	911,108	816,266	1,098,692	902,281
Common stock of W. T. Grant Company held for deferred contingent compensation plan, at cost	632,995	627,329	501,710	352,199	295,174
Land and buildings (net)	487,861	641,326	330,756	347,101	319,854
Furniture and fixtures (net)	36,668,189	34,993,088	33,006,397	31,044,142	30,400,992
Improvements to leased properties (net)	4,979,314	5,539,916	5,901,971	6,318,918	6,919,922
Deferred charges	4,672,187	3,334,753	2,933,025	2,598,224	2,524,387
Unamortized debt expense	521,346	—	—	—	—
TOTAL ASSETS	<u>\$ 241,264,918</u>	<u>\$ 185,827,140</u>	<u>\$ 174,679,528</u>	<u>\$ 154,523,734</u>	<u>\$ 141,972,611</u>
LIABILITIES, RESERVES, AND CAPITAL:					
Accounts payable and accrued expenses	\$ 54,461,145	\$ 36,537,269	\$ 33,041,072	\$ 30,094,914	\$ 26,850,664
Federal taxes on income—estimated (less U. S. Government securities)	8,388,685	8,694,088	4,731,572	8,225,414	3,957,987
TOTAL CURRENT LIABILITIES	<u>\$ 62,849,830</u>	<u>\$ 45,231,357</u>	<u>\$ 37,772,644</u>	<u>\$ 38,320,328</u>	<u>\$ 30,808,651</u>
Long term debt	35,000,000	—	—	—	—
Deferred federal income tax	804,000	372,000	62,300	—	—
Reserve for uninsured risks	1,400,000	1,400,000	1,500,000	1,500,000	1,500,000
Reserve for repainting stores	1,505,579	1,273,123	1,151,336	1,116,319	1,035,906
Reserve for deferred contingent compensation	697,562	613,400	511,950	394,101	322,904
CAPITAL:					
Preferred 3¾% stock \$100 par value	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Common stock	33,740,725	32,526,742	31,040,017	16,185,975	15,595,077
Earnings retained for use in the business	90,267,222	89,410,518	87,641,281	82,007,011	77,710,073
TOTAL LIABILITIES, RESERVES, AND CAPITAL	<u>\$ 241,264,918</u>	<u>\$ 185,827,140</u>	<u>\$ 174,679,528</u>	<u>\$ 154,523,734</u>	<u>\$ 141,972,611</u>

1907-1961 . . . HISTORICAL RECORD

(Amounts in 000's)

(Amounts in 000's)

Year	Pre-Tax Earnings		Net Earnings		Dividends		Working Capital		Fixed Assets		Long Term Debt		Net Worth	
	No. of Stores	Total Sales	Total Per Sales Dollar	Total Per Sales Dollar	Total	% of Net	Total	% Sales	Total	% Sales	Total	% Earned	Total	% Earned
1907	1	\$ 99	\$ 10	9.8¢	\$.03	\$ 8	81.7	\$.02	\$ 16	16.5	\$ 3	3.0	\$ 19	52.6
1912	12	1,362	26	1.9	.01	32	121.9	.01	179	13.2	132	9.7	315	8.3
1917	30	4,511	154	3.4	.03	44	39.5	.01	430	9.5	301	6.7	759	14.5
1922	50	15,383	708	4.6	.14	173	28.2	.02	1,803	11.7	1,403	9.1	3,261	18.7
1927	157	43,744	2,754	6.3	.56	569	23.8	.11	5,200	11.9	6,167	14.1	11,416	20.9
1932	446	73,087	1,849	2.5	.34	1,195	74.2	.25	9,704	13.3	16,101	22.0	25,155	6.4
1937	480	99,060	4,253	4.3	.70	2,353	69.2	.48	18,580	18.8	14,876	15.0	34,359	9.9
1942	493	154,204	9,684	6.3	.72	2,014	53.5	.35	22,449	14.6	19,052	12.4	41,046	9.2
1947	483	228,636	13,862	6.1	1.71	4,131	47.6	.75	42,359	18.5	23,128	10.1	63,462	13.7
1948	482	233,904	13,071	5.6	1.55	2,942	37.0	.50	42,988	18.4	27,541	11.8	68,472	11.6
1949	480	233,168	13,292	5.7	1.57	4,131	51.4	.75	39,729	17.0	33,094	14.2	72,383	11.1
1950	477	250,574	15,938	6.4	1.58	4,135	51.0	.75	41,712	16.6	32,966	13.2	77,292	10.5
1951	482	268,333	19,237	7.2	1.45	4,150	55.2	.75	41,562	15.5	35,919	13.4	80,983	9.3
1952	493	283,240	18,895	6.7	1.46	4,165	55.0	.75	43,077	15.2	35,203	12.4	84,744	8.9
1953	502	299,768	18,920	6.3	1.54	4,188	52.1	.75	41,956	14.0	38,189	12.7	89,056	9.0
1954	520	317,157	18,585	5.9	1.68	4,211	48.1	.75	46,553	14.7	38,245	12.1	94,118	9.3
1955	574	351,849	20,395	5.8	1.86	4,971	51.2	.90	57,125	16.2	33,760	9.6	99,480	9.8
1956	632	380,915	18,493	4.9	1.69	5,496	61.5	1.00	57,808	15.2	36,795	9.7	103,565	8.6
1957	691	406,337	18,259	4.5	1.84	5,527	56.9	1.00	62,273	15.3	37,641	9.3	108,305	9.0
1958	739	432,241	20,165	4.7	1.86	5,553	56.4	1.00	64,037	14.8	37,710	8.7	113,193	8.7
1959	801	479,997	25,433	5.3	2.06	6,624	54.0	1.10	82,907	17.3	39,239	8.2	133,681	9.2
1960	864	512,687	18,843	3.7	1.50	7,429	80.8	1.20	83,916	16.4	41,174	8.0	136,937	6.7
1961	952	574,502	17,119	3.0	1.34	7,502	89.7	1.20	119,892	20.9	42,135	7.3	139,008	6.0

Note—Net earnings and dividends per share are based on shares outstanding at year end adjusted for stock splits. Dividends exclude values of rights and stock dividends.

MERCHANDISE LINES SOLD IN W. T. GRANT FRIENDLY FAMILY STORES

For Women

DRESSES
COATS, SUITS, JACKETS
SKIRTS, SLACKS
BLOUSES
SPORTSWEAR, PLAYWEAR
SWEATERS
BEACHWEAR
MILLINERY, RIBBONS,
VEILING
UNIFORMS
GLOVES
HANDBAGS
HOSIERY
SLIPS, PETTI SLIPS
GOWNS
PAJAMAS
ROBES, DUSTERS
FOUNDATION GARMENTS
MATERNITY WEAR
SHOES, SLIPPERS
SWIMWEAR
JEWELRY, WATCHES
RAINWEAR, UMBRELLAS
COSMETICS, TOILETRIES
LUGGAGE, WALLETS
UNDERWEAR
PARTY SUPPLIES
YARD GOODS, PATTERNS
ART NEEDLEWORK
HAIR GOODS, NOTIONS
SEWING SUPPLIES

For Children

INFANTS' WEAR
INFANTS' FURNITURE
NURSERY SUPPLIES
LAYETTES
SHOES
SLIPPERS
HOSIERY
SWEATERS
HEADWEAR
SLEEPWEAR
ROBES
COATS, SNOWSUITS
GLOVES, MITTENS
SWIMWEAR
POLO SHIRTS
PLAYWEAR
SPORTSWEAR
RAINWEAR
GIRLS' DRESSES, SLIPS
GIRLS' SKIRTS, BLOUSES
PRE-TEEN APPAREL
HANDBAGS
BOYS' SUITS AND JACKETS
BOYS' SHIRTS AND PANTS
UNDERWEAR
BOYS' BELTS, NECKTIES
DOLLS, DOLL CLOTHES
BICYCLES, ACCESSORIES
BOOKS, GAMES,
HOBBY KITS
CREATIVE TOYS,
EDUCATIONAL TOYS

For Men

DRESS SHIRTS
SPORTS SHIRTS
SWEATERS
SLACKS
JACKETS
COATS
HEADWEAR
HOSIERY
SHOES
SLIPPERS
UNDERWEAR
RAINWEAR
WALKING SHORTS
WORK CLOTHES
NECKTIES
POLO SHIRTS
PAJAMAS
GLOVES
RUBBER FOOTWEAR
WATCHES
JEWELRY
ROBES
BEACHWEAR
BELTS
SHAVING NEEDS
SPORTING GOODS
ACTIVE SPORTS
CAMPING, HUNTING,
FISHING
SWIMWEAR

For the Home

BED SHEETS, PILLOW CASES, PILLOWS
BLANKETS, COMFORTERS, BEDSPREADS
BEDROOM ENSEMBLES, CUSHIONS
CURTAINS, DRAPERIES, SLIP COVERS
TOWELS, SHOWER CURTAINS,
BATHROOM SUPPLIES
DINNERWARE, GLASSWARE, CUTLERY
TABLE LINENS, OILCLOTH
ELECTRIC APPLIANCES, POWER TOOLS
LAMPS, SHADES, PICTURES
ROOM SIZE AND SCATTER RUGS
FURNITURE, MIRRORS
SUMMER FURNITURE,
UNFINISHED FURNITURE
HARDWARE, HAND TOOLS
PAINTS, BRUSHES
CANDY, COOKIES
RECORD PLAYERS, RECORDS
RADIOS, TELEVISION SETS
CAMERAS AND SUPPLIES
POWER LAWN MOWERS
GARDEN TOOLS, PLANTS, SEEDS
BARBECUE GRILLS
WADING POOLS, PLAY GYMS
STATIONERY, TYPEWRITERS
COOKING UTENSILS
ELECTRICAL ACCESSORIES, FANS
PETS, PET SUPPLIES
REFRIGERATORS, FREEZERS,
WASHERS, DRYERS,
SEWING MACHINES
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